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July 2, 2004

VIA HAND DELIVERY

Ms. Christine Vogel, Commissioner
Office of Health Care Access
410 Capitol Avenue
Post Office Box 340308
Hartford, CT 06134-0308

RECEIVED
2004 JUL -2 PM 1:50
CONNECTICUT OFFICE OF
HEALTH CARE ACCESS

Re: *Housatonic Valley Radiology Associates, P.C.*

Dear Commissioner Vogel:

Be advised that this office represents Housatonic Valley Radiology Associates, P.C. ("HVRA"). Enclosed please find an original and three (3) copies of a Letter of Intent for the acquisition by HVRA of a 1.5 Tesla MRI unit for use at its Danbury office.

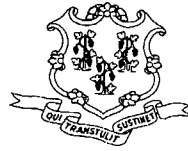
Should you require anything further for your review, please feel free to contact me or Attorney John Wolter. I can be reached at (203) 786-8316. Attorney Wolter can be reached at (860) 548-2645.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Jennifer L. Groves', written over a horizontal line.

Jennifer L. Groves

cc: Conrad Ehrlich, M.D. (w/enc.)
John F. Wolter, Esq.



State of Connecticut

Office of Health Care Access

Letter of Intent/Waiver Form

Form 2030

All Applicants must complete a Letter of Intent (LOI) form prior to submitting a Certificate of Need application, pursuant to Sections 19a-638 and 19a-639 of the Connecticut General Statutes and Section 19a-643-79 of OHCA's Regulations. Please submit this form to the Commissioner of the Office of Health Care Access, 410 Capitol Avenue, MS# 13HCA, P.O. Box 340308, Hartford, Connecticut 06134-0308.

SECTION I. APPLICANT INFORMATION

If there are more than two Applicants, please attach a separate sheet of paper and provide additional information in the format below.

	Applicant One	Applicant Two
Full legal name	Housatonic Valley Radiology Associates, P.C.	
Doing Business As	Housatonic Valley Radiology Associates, P.C.	
Name of Parent Corporation	N/A	
Mailing Address, if Post Office Box, include a street mailing address for Certified Mail	67 Sandpit Road Danbury, CT 06810	
Applicant type (e.g., profit/non-profit)	Profit	
Contact person, including title or position	Conrad Ehrlich, M.D. President	
Contact person's street mailing address	67 Sandpit Road Danbury, CT 06810	

Contact person's phone #, fax # and
e-mail address

Tel. (203) 797-1770
Fax (203) 796-7839

SECTION II. GENERAL APPLICATION INFORMATION

a. Proposal/Project Title: Acquisition of MRI Unit

b. Type of Proposal, please check all that apply:

☐ Change in Facility (F), Service (S) or Function (Fnc) pursuant to Section 19a-638, C.G.S.:

☐ New (F, S, Fnc)

☐ Replacement

☐ Additional (F, S,

☐ Expansion (F, S, Fnc)

☐ Relocation

☐ Service

Termination

☐ Bed Addition

☐ Bed Reduction

☐ Change in
Ownership/C
ontrol

☒ Capital Expenditure/Cost, pursuant to Section 19a-639, C.G.S.:

☐ Project expenditure/cost greater than \$ 1,000,000

☒ Equipment Acquisition greater than \$ 400,000

☐ New

☐ Replacement

☐ Major Medical

☒ Imaging

☐ Linear Accelerator

☐ Change in ownership or control, pursuant to Section 19a-639 C.G.S.,
resulting in a capital expenditure over \$1,000,000

c. Location of proposal (Town including street address): 67 Sandpit Road,
Danbury, Connecticut 06810

d. List all the municipalities this project is intended to serve: Danbury,
Brookfield, Bethel, Newtown, Ridgefield, Redding, & New Fairfield

e. Estimated starting date for the project: Immediately upon receipt of regulatory approval.

f. Type of project: 19

Number of Beds (to be completed if changes are proposed)

Type	Existing Staffed	Existing Licensed	Proposed Increase (Decrease)	Proposed Total Licensed

SECTION III. ESTIMATED CAPITAL EXPENDITURE INFORMATION

a. Estimated Total Capital Expenditure: \$2,165,977.16

b. Please provide the following breakdown as appropriate:

Construction/Renovations	\$350,000.00
Medical Equipment (Purchase)	
Imaging Equipment (Purchase)	
Non-Medical Equipment (Purchase)	
Sales Tax	\$102,791.16
Delivery & Installation	Included
Total Capital Expenditure	\$452,791.16
Fair Market Value of Leased Equipment	\$1,713,186.00
Total Capital Cost	\$2,165,977.16

Major Medical and/or Imaging equipment acquisition:

Equipment Type	Name	Model	Number of Units	Cost per unit
MRI	Siemens	Magneto m Avanto 1.5 Tesla	1	

Note: Provide a copy of the contract with the vendor for major medical/imaging equipment.

c. Type of financing or funding source (more than one can be checked):

- ☒ Applicant's Equity ☒ Lease Financing ☐ Conventional Loan
☐ Charitable Contributions ☐ CHEFA Financing ☐ Grant Funding
☐ Funded Depreciation ☐ Other (specify): _____

SECTION IV. PROJECT DESCRIPTION

Please attach a separate 8.5" X 11" sheet(s) of paper and provide no more than a 2 page description of the proposed project, highlighting all the important aspects of the proposed project. Please be sure to address the following (if applicable):

- Currently what types of services are being provided? If applicable, provide a copy of each Department of Public Health license held by the Petitioner.
- What types of services are being proposed and what DPH licensure categories will be sought, if applicable?
- Who is the current population served and who is the target population to be served?
- Identify any unmet need and how this project will fulfill that need.
- Are there any similar existing service providers in the proposed geographic area?
- What is the effect of this project on the health care delivery system in the State of Connecticut?
- Who will be responsible for providing the service?
- Who are the payers of this service?

5. Are there any similar existing service providers in the proposed geographic area?
6. What is the effect of this project on the health care delivery system in the State of Connecticut?
7. Who will be responsible for providing the service?
8. Who are the payers of this service?

If requesting a Waiver of a Certificate of Need, please complete Section V.

SECTION V. WAIVER OF CON FOR REPLACEMENT EQUIPMENT

I may be eligible for a waiver from the Certificate of Need process because of the following: (Please check all that apply)

- ☐ This request is for Replacement Equipment.
 - ☐ The original equipment was authorized by the Commission/OHCA in Docket Number: _____.
 - ☐ The cost of the equipment is not to exceed \$2,000,000.
 - ☐ The cost of the replacement equipment does not exceed the original cost increased by 10% per year.

Please complete the attached affidavit for Section V only.

PROJECT DESCRIPTION

Housatonic Valley Radiological Associates, P.C. ("HVRA") is a private radiology practice with offices in Danbury, Southbury and New Milford. For the past 25 years, HVRA's 67 Sandpit Road office has provided the Danbury community with outpatient imaging services including general diagnostic x-ray, digital fluoroscopy, ultrasound, spiral CT scanning, MRI, vascular studies, diagnostic and screening mammography, minimally invasive biopsies, DEXA scanning, and echocardiography. HVRA has been providing MRI services since 1989, most recently using a Siemens Impact 1.0 Tesla mobile unit. HVRA's MRI and other imaging services are American College of Radiology ("ACR") accredited. No Department of Public Health license is required.

HVRA proposes to acquire a fixed 1.5 Tesla MRI unit to provide services to patients at its 67 Sandpit Road office. Services at this location are presently provided via a mobile unit stationed in the office's parking lot. The existing unit, which was acquired at a capital cost of less than \$400,000 and was therefore not the subject of a certificate of need, will be removed from service at 67 Sandpit Road and ultimately allocated for use at one of HVRA's other offices.

The population served by HVRA's existing MRI unit includes residents from Danbury, Brookfield, Bethel, Newtown, Ridgefield, Redding, and New Fairfield. The target population for the proposed 1.5 Tesla MRI unit will be the same. MRI services will continue to be provided by HVRA physicians and staff. Payers for the services include private pay, Medicare, Medicare managed care, Medicaid managed care, traditional indemnity insurance, and health maintenance organizations.

Existing providers of MRI services in the proposed primary service area include HVRA and Danbury Health Systems (Danbury Hospital and Danbury Diagnostic Imaging). Northeast Radiology provides 1.5 Tesla and low-field open MRI services outside of the proposed primary service area at its facility in Brewster, New York. Northeast Radiology provides MRI services to many Danbury area patients who, as a result of claustrophobia, a need for 1.5 Tesla capabilities, and/or in-state scheduling backlogs, cannot be accommodated by in-state providers. Open MRI of Brewster is a new out-of-state provider of low-field open MRI services, which opened in April of 2004. Open MRI of Brewster has also targeted the Danbury area in an attempt to capitalize on claustrophobic patients and in-state scheduling backlogs.

Acquisition of a 1.5 Tesla MRI unit by HVRA will significantly enhance the health care delivery system in Western Connecticut over the next decade by simultaneously addressing multiple needs in the patient community. First, converting to a fixed 1.5 Tesla unit will allow HVRA to provide its patients and referring physicians with access to rapidly evolving MRI applications. The ACR reports that MRI utilization is expected to grow 10% annually over the next decade. The 1.5 Tesla unit that HVRA proposes to acquire has many technological advantages over the practice's current 1.0 Tesla unit and will allow HVRA to provide its existing patient and referring physician base the ability to benefit from that technological evolution.

Second, the particular model that HVRA proposes to acquire allows patients to be scanned feet first, with their heads remaining outside the unit for most studies. This will allow for the completion of more scans on individuals who believe they have claustrophobia, estimated to be 20% of the population. Many of these patients presently have to travel to New York State for low field open MRI scans, which are acknowledged to be of a lesser quality.

Third, the proposed 1.5 Tesla unit will be better able to scan obese patients. It has a capacity of 440 pounds, as opposed to the 300-pound weight limit of the existing unit.

Fourth, the existing mobile MRI unit's outdoor location is a harsh operating environment for patients, employees and equipment. This is especially true during the long, cold winter months. Patients will benefit in terms of comfort and convenience from the conversion of MRI services at 67 Sandpit Road from mobile/outdoor to fixed/indoor.

Finally, converting to an indoor 1.5 Tesla unit will result in a more rapid and efficient scanning process, which in turn will result in decreased scheduling backlogs and the ability of HVRA to respond to emergency requests. This will eliminate the need for many Connecticut patients to travel to New York for scans rather than wait for appointments with in-state providers.

AFFIDAVIT

Applicant: Housatonic Valley Radiology Associates, P.C.

Project Title: Acquisition of MRI Unit

I, Conrad Ehrlich M.D., President of Housatonic Valley Radiological Associates, P.C. being duly sworn, depose and state that the information provided in this CON Letter of Intent/Waiver Form (2030) is true and accurate to the best of my knowledge, and that Housatonic Valley Radiological Associates, P.C. complies with the appropriate and applicable criteria as set forth in the Sections 19a-630, 19a-637, 19a-638, 19a-639, 19a-486 and/or 4-181 of the Connecticut General Statutes.

Conrad P Ehrlich
Signature

7/1/04
Date

Subscribed and sworn to before me on July 1, 2004

Linda M. Swanson
Notary Public/Commissioner of Superior Court

My commission expires: My Commission Exp. July 31, 2004

SIEMENS**Quote****Siemens Medical Solutions USA, Inc.**

51 Valley Stream Parkway, Malvern PA 19355

Siemens Medical Solutions

Siemens Medical Solutions

Health Services Corporation

Ultrasound Division

HOUSATONIC VALLEY67 SAND PIT ROAD
DANBURY, CT 06810

PROPOSAL REFERENCE
Proposal: 3LT-19MG Date: 6/23/2004
Siemens' REPRESENTATIVE
Elizabeth Dermody

LOCAL SALES OFFICE: Boston

Siemens Medical Solutions USA, Inc.

200 Wheeler Rd, 3rd Floor

Burlington, MA 01803

Phone: (781) 203-6000

Fax: (781) 203-6025

INQUIRIES REGARDING THIS
PROPOSAL SHOULD REFER TO
SYSTEM QUOTE # AND BE
DIRECTED TO THE LOCAL SALES
OFFICE

Siemens Medical Solutions USA, Inc., is pleased to submit the following quotation for the products and services described herein at the stated prices and terms, subject to your acceptance of the terms and conditions on the face and back hereof, and on any attachment hereto.

Order is CON contingent. If the State of Conn. rejects HVRA's application for a CON for their Danbury office for a 1.5 T MRI, this order is cancelled with no financial penalties.

TIM Whole Body Suite is included at n/c as a consideration that HVRA will be a Show Site for Siemens but first clinical use must occur by Sept 15, 2004

Rigging is included in The proposal at no add'l in charge

Elizabeth

DELIVERY SUBJECT TO AVAILABILITY

FREIGHT CHARGES AND TAXES, IF ANY, ARE PAYABLE UPON RECEIPT OF INVOICE.

WARRANTY: See specific product line attachment definitions.

THIS QUOTATION IS IN US DOLLARS AND IS VALID FOR 45 DAYS.

Siemens Medical Solutions USA, Inc.

SUBMITTED BY: _____ (signature)

NAME: Elizabeth Dermody

TITLE: Siemens' REPRESENTATIVE

DATE: 6/23/2004

CUSTOMER'S ACCEPTANCE:

BY: _____ (signature)

NAME: CONRAD EARLE

TITLE: PRES. HVRA

DATE: 6/23/04

SIEMENS**Quote****Siemens Medical Solutions USA, Inc.**

Valley Stream Parkway, Malvern PA 18355

Siemens Medical Solutions

Siemens Medical Solutions

Health Services Corporation

Ultrasound Division

HOUSATONIC VALLEY

7 SAND PIT ROAD

DANBURY, CT 06810

PROPOSAL REFERENCE

Proposal: 3LT-19MG Date: 6/23/2004

System Quote #	System Quote Name
JT-19MZ	MAGNETOM Avanto

Revision	Terms of Payment
1	

DB: Shipping Point**ELEVANT Items for System Quote #3LT-19MZ**

Qty	Part #	Description	Extended Net Price
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MAGNETOM Avanto**08464690****MAGNETOM Avanto - System**

The MAGNETOM Avanto features the Tim Application Suite. The Tim Application Suite provides a complete range of clinically optimized sequences, protocols and workflow functionalities for virtually all clinical questions. There are seven dedicated application packages:

- Neuro Suite
- Angio Suite
- Cardiac Suite
- Body Suite
- Onco Suite
- Ortho Suite
- Pediatric Suite

The high performance host computer and image processor are ideally suited for even the most demanding applications.

The system including magnet, electronics and control room can be installed in 30 m² space.

The system includes:

ACCEPTANCE ON FIRST PAGE INCLUDES ALL FOLLOWING PAGES AS SPECIFIED ABOVE

Page 2 of 44

SIEMENS**Quote****Siemens Medical Solutions USA, Inc.**

51 Valley Stream Parkway, Malvern PA 19355

Siemens Medical Solutions

Health Services Corporation

Siemens Medical Solutions

Ultrasound Division

HOUSATONIC VALLEY67 SAND PIT ROAD
DANBURY, CT 06810**PROPOSAL REFERENCE**
Proposal: 3LT-19MG Date: 6/23/2004**Contract Total: \$1,713,186**

(items marked 'optional' not included in total)

FINANCING:

The equipment listed above may be financed through Siemens. Ask us about our full range of financial products that can be tailored to meet your business and cash flow requirements. For further information, please contact your local Sales Representative or the Financial Services Department at 1-800-822-1206.

ACCEPTANCE ON FIRST PAGE INCLUDES ALL FOLLOWING PAGES AS SPECIFIED ABOVE

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